

### Investment Strategy

- Bottom up stock picking strategy, based on company interviews/fieldwork and fundamental research/analysis.
- We seek to identify exceptional companies able to sustain consistent earnings growth through economic cycles.
- The strategy seeks to outperform the market by selectively buying and holding stocks over the mid-to-long term, typically three to five years. Consequently, the turnover of our portfolio is low.
- We do not invest in stocks for purposes of managing risk against benchmarks.
- Stable earnings volatility of our holdings allows us to build a concentrated portfolio of 20-30 names.

### Strategy Facts

**Inception Date:** October 1, 2011

**Advisor:** Clearbrook Investment Consulting, LLC.

**Sub-Advisor:** Mitsubishi UFJ Trust and Banking Corporation

**Net Assets as of 08/31/2023:** \$594.1M USD

**Management Fee:** 0.75%

**Benchmark:** TOPIX Total Return Index

### Portfolio Characteristics

	Japan Focus Growth*	TOPIX Total Return Index
Number of Holdings	32	2,158
Wtd. Avg. Mkt. Cap. (\$)	27.8B	42.4B
P/E	23.16	19.38
P/B	3.15	2.27
ROE %	12.22	10.82
Dividend Yield %	1.50	2.25

\*Based on representative portfolio

All data as of 08/31/2023 unless noted

### Contact Information

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**Clearbrook Investment Consulting**

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### Performance (%) USD as of (08/31/2023)

Composite	1 Mon*	3 Mon*	6 Mon*	YTD*	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	Since Incept
Focus Growth Gross	-1.39	1.60	10.49	9.28	7.05	-3.05	1.50	4.60	8.71	7.63
Focus Growth Net	-1.99	5.21	11.00	13.35	16.21	4.11	2.94	5.64	5.92	6.44
TOPIX Total Return Index	-1.45	1.41	10.08	8.75	6.25	-3.77	0.75	3.82	7.90	6.84
Excess Return (Gross-TOPIX)	0.60	-3.60	-0.52	-4.06	-9.16	-7.16	-1.43	-1.04	2.79	1.20

\*Returns for periods under one year are not annualized.

**Performance data quoted represents past performance; past performance does not guarantee future results.** Gross returns are presented before management and custodial fees, but after all trading expenses and reflect the investment of dividends and other income. Net returns are net of investment management fees in effect for the respective time period and are derived using the maximum highest published rate. Fees charged are at the discretion of Clearbrook. The strategy does not invest in an index. The strategy uses the (TOPIX) Total Return Index as a benchmark only. Performance may be attributable to profits from IPO securities. IPO securities have no trading history and the prices may be volatile. There is no guarantee this level of performance will be repeated. Japanese issuers and underwriters prioritize allocations of IPO securities to domestic investors; therefore, overseas investors (not based in Japan) may have less access to small and mid-cap IPO securities allocations than a domestic investor. The investment return and principal value of an investment will change so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the strategy may be lower or higher than the performance quoted. Composite data is calculated in JPY and converted to USD using the WM/Reuters Closing Spot Rates 4pm London close. The TOPIX is also converted from JPY to USD using the same exchange rate source.

### Market and Strategy Commentary Q3: August 2023, USD (Net)

#### Japan Markets:

- Japanese equities declined in August, with the TOPIX Total Return Index returning -1.99% USD.
- Early in the month, the Japanese equity market was suppressed by growth stocks with high P/E ratios, as U.S. long-term interest rates rose due to a downgrade of the U.S. credit rating and prolonged concerns over inflation. Investors' risk tolerance continued to wain mid-month amid worries over the weak Chinese economy, especially in the property sector, and downgrades of U.S. banks.
- The market rebounded later in the month due to a pause of rising U.S. interest rates, and expectations of the Bank of Japan to maintain an easing monetary policy. Domestic-demand stocks led the market in anticipation of the positive impact of China lifting the ban on group tours. Moreover, excessive concerns over monetary tightening in the U.S. relaxed after the Fed chair Powell's speech at the Jackson Hole Meeting.
- Although the market gained in the local currency base, the performance turned negative due to the weaker Japanese yen.

#### MUFG Japan Focus Growth Strategy:

- The strategy returned -1.45% USD, outperforming the index by 0.54%.
- A notable contributor was Mitsui Fudosan Co., Ltd., one of the biggest property developers in Japan. Its Q1 FY3/24 earnings results exceeded market expectations due to an increase in domestic residential condominium deliveries, a profit expansion in overseas office rentals, and an improvement in sales and profits of domestic commercial facilities, hotels and resorts.
- Another positive contributor was Fuji Electric Co., Ltd., an innovator of electric and thermal energy technologies, including sensing technologies, control technologies, power electronics technologies, and optimizing electricity. Its Q1 FY3/24 earnings results substantially exceeded consensus mainly due to its robust food and beverage distribution segment including automatic vending machines and equipment for convenience stores, along with expectations for a further upward revision of the full-year target increased.
- The largest detractor was Sysmex Corp., one of the global leading manufacturers of laboratory testing instruments (testing of blood, urine and other items), reagents and related software. The share price declined due to worse-than-expected Q1 FY3/24 earnings results mainly reflecting a sluggish sales recovery of instruments and increasing concerns over the negative impact of China's corruption crackdown.
- Another detractor was Daikin Industries., Ltd, one of the world's top air-conditioner manufacturers, affected by weaker-than-expected earnings results due to slow sales in residential air conditioning units in the U.S. and residential heat pump water heaters in Europe.
- We initiated a position in Toyota Tsusho Corp., the trading firm of the Toyota Group. The company provides materials procurement, auto parts logistics, and overseas dealerships, and Information Services Internatinal-Dentsu, Ltd., a mid-sized information service provider originated with a JV of Dentsu and GE.

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# MUFG Japan Focus Growth Strategy

## About the Portfolio (as of 08/31/2023)

### Returns Based Statistics vs TOPIX Total Return Index

	One Yr	Three Yr	Five Yr	Ten Yr
Excess Return	-9.16	-7.16	-1.43	2.79
Beta	0.82	1.03	1.00	0.94
Information Ratio	-1.48	-0.83	-0.17	0.32
Sharpe Ratio*	0.49	-0.17	0.09	0.57
Tracking Error %	6.20	8.67	8.48	8.60
Std. Dev. (Portfolio) %	14.42	17.77	17.64	15.28
Std. Dev. (Benchmark) %	16.24	15.04	15.47	13.50

\* Sharpe Ratio: the risk free rate is not used in the calculation. The calculation shown here represents Portfolio Return divided by Portfolio Standard Deviation.

### Sector Diversification (%)

	Japan Focus Growth*	TOPIX Total Return
Industrials	23.55	24.56
Consumer Staples	19.45	7.04
Information Technology	18.93	13.20
Health Care	12.31	7.99
Consumer Discretionary	10.43	18.45
Financials	5.50	11.30
Materials	4.08	5.78
Real Estate	4.00	1.97
Communication Services	0.00	7.39
Utilities	0.00	1.42
Energy	0.00	0.90
Cash & Cash Equivalents	1.75	-

\*Based on Representative Portfolio

### Our Japan Focus Growth Investment Team



**Shinichiro Hyogo**  
Lead Fund Manager  
25 years experience



**Kosuke Tsuchida**  
Senior Fund Manager  
21 years experience



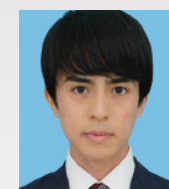
**Shinichi Okada**  
Analyst  
36 years experience



**Yuichi Yokoyama**  
Analyst  
7 years experience



**Yusuke Michiwaki**  
Strategy Manager/  
Analyst  
11 years experience



**Satoshi Tanaka**  
Analyst  
7 years experience

\*Clearbrook Investment Consulting is the investment advisor to the MUFG Japan Focus Growth Strategy.

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Mitsubishi UFJ Trust and Banking Corporation (MUTB) claims compliance with the Global Investment Performance Standards (GIPS®). A complete list of firm composites and performance can be requested from Natasha Koprivica at [nkoprivica@clbrk.com](mailto:nkoprivica@clbrk.com) or 857.919.1048. Performance numbers have been provided by MUTB and have not been verified by Clearbrook Investment Consulting.

Please see the GIPS® Compliant Performance Report for further explanation. The comparative benchmark is the TOPIX Total Return Index. TOPIX is a free-float adjusted market capitalization-weighted index that is calculated based on all the domestic common stocks listed on the TSE First Section. TOPIX shows the measure of current market capitalization assuming that market capitalization as of the base date (January 4, 1968) is 100 points. **One cannot invest directly in an index.** **Beta:** systematic risk of a composite; represents sensitivity to the benchmark. **Excess Return (Gross):** amount that gross returns exceed relative benchmark return. **Information Ratio:** ratio of expected return to risk, as measured by standard deviation. **Price to Book (P/B):** ratio of stock price to book value. **Price to Earnings (P/E):** ratio of stock price to earnings. **Return on Equity (ROE):** net income divided by equity. **Standard Deviation:** measures dispersion of a set of data from its mean. **Tracking Error:** measures the active risk of the composite and the annualized standard deviation of the excess returns between the composite and its benchmark. **Weighted Average Market Cap:** total value of all outstanding shares weighted by market capitalization.

\*Clearbrook Investment Consulting, LLC ("CIC") is an SEC-registered investment adviser. CIC primarily provides pensions consulting and family office advisory services for a wide variety of for-profit and nonprofit organizations. All strategy, assets under management and performance data described above refer to professional advisory services which CIC has engaged MUTB to act as subadvisor for the MUFG Japan Focus Growth Strategy. Fees charged are at the discretion of CIC; investment advisory fees are described in CIC's Form ADV Part 2, which is available upon request. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. A complete list of all recommendations in the MUFG Japan Focus Growth Strategy, within the past year are available free of charge by contacting CIC. Actual securities held in any individual account will vary and are subject to change. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. A complete list of all recommendations in the MUFG Japan Focus Growth Strategy, within the past year are available free of charge by contacting Clearbrook. Actual securities held in any individual account will vary and are subject to change.